GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:2027
ANSWERED ON:27.08.2007
HOUSEHOLDS UNDER DEBT
Sarvey Shri Sathyanarayana

Will the Minister of AGRICULTURE be pleased to state:

(a) whether excessive mechanization of farms has reduced the labour absorption capacity resulting in severe poverty;

(b) if so, the number of farm households under debt in the country at present, State- wise; and

(c) the steps being taken by the Government to save the farmers from the debt by informing them to avail credit schemes from the banks?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA)

(a): No, Sir. The farm mechanization over bullock operated farming helps in creating more job opportunity and improving farmers income through enhanced cropping intensity, production, productivity and secondary enterprises such as Agro Service Centres, post harvest processing and value addition besides improving comfort and output of the farmers. This has been proved under the situations where the farm mechanization has been adopted on large scale as in the states of Punjab and Haryana. The farm mechanization, not only results into higher net returns due to enhanced cropping intensity, but also creates additional job opportunity resulting inflow of lakhs of migratory labourers during peak farming seasons. Studies conducted by NABARD have indicated that incremental on-farm employment per tractor was estimated at 106 to 736 person day in various states depending upon the stage of development.

(b): Not so, Sir. However, a statement on estimated number of farm households under debt on account of various other factors is annexed.

(c): The Government of India has taken the following steps for improving the conditions of the farmers:

(i) Agricultural Credit Package:

The Government has announced a comprehensive credit policy in 2004 which contains measures for doubling of agriculture credit flow in the next three years and provision of relief to the farmers affected by natural calamities. The highlights of this announcement are as under :

Credit flow to agriculture sector to increase @30% per year;
Debt restructuring in respect of farmers in distress and farmers in arrears providing for rescheduling of outstanding loans over a period of five years including moratorium of two years, thereby making all farmers eligible for fresh credit;
Special One Time Settlement Scheme for settling the old and chronic loan accounts of small and marginal farmers;
Banks allowed to finance for redeeming the loans taken by farmers from private moneylenders;
Commercial banks to finance @100 farmers per branch, 50 lakh new farmers to be financed by the banks in a year;
New investments in agriculture and allied activities @ 2-3 projects per branch; and
Refinements in Kissan Credit Cards (KCCs) and fixation of scale of finance.

(ii) Rate of interest on Agricultural Loans:

The Government has decided that from Kharif 2006-07 farmers would receive crop loans upto a principal amount of Rs.3 lakh at 7% interest and the Government of India and the State Governments would provide necessary interest subvention to NABARD and banks for this purpose. The Government has provided a sum of Rs.1677 crore for this purpose in the union budget for the year 2007-08.

(iii) Rehabilitation package for distressed farmers:

The Government of India has approved a rehabilitation package of Rs.16978.69 crore for 31 suicide prone districts in the four states of Andhra Pradesh, Maharashtra, Karnataka and Kerala. The package will be implemented over a period of 3 years and includes both immediate and medium term measures. The rehabilitation package aims at establishing a sustainable and viable farming and livelihood support system through debt relief to farmers, improved supply of institutional credit, crop centric approach to agriculture, assured irrigation facilities, watershed management, better extension and farming support services and subsidiary income opportunities through horticulture, livestock, dairying, fisheries etc.